

Quarterly Report Q1

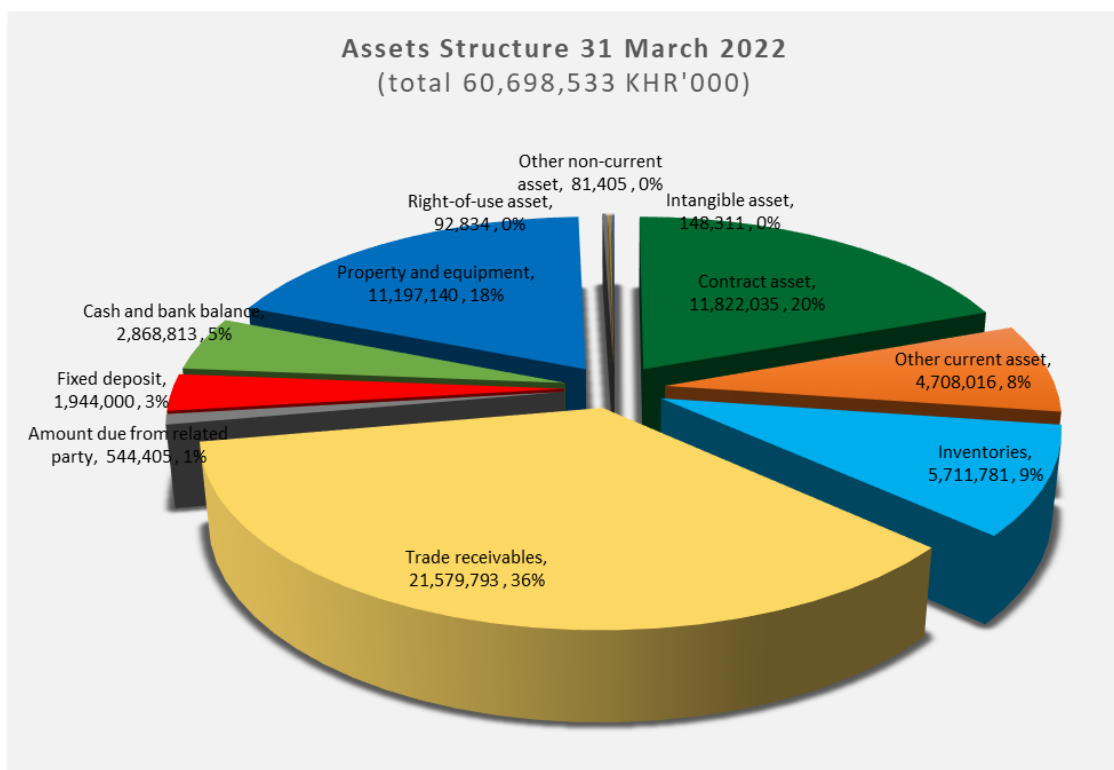
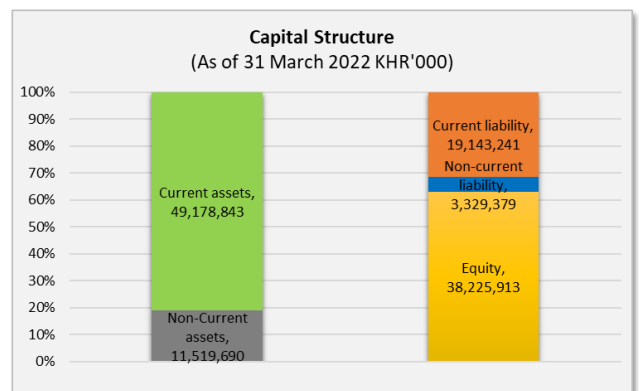
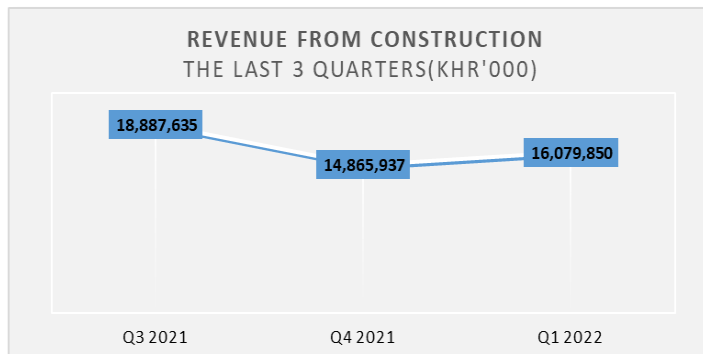
(As at 31 March, 2022)



Financial Highlight

Financial Position (KHR'000)		Unreview and Unaudited Q1 2022	Audited 2021	Audited 2020
Total assets		60,698,533	66,540,748	40,409,280
Total liabilities		22,472,620	29,649,851	20,714,248
Total equity		38,225,913	36,890,897	19,695,032
Financial Performance (KHR'000)		Unreview and Unaudited Q1 2022	Unreview and Unaudited Q1 2021	Unreview and Unaudited Q1 2020
Total revenue		16,161,391	18,965,818	16,009,723
Profit/(Loss) before tax		1,666,005	818,397	779,612
Net profit/(loss) after tax		1,556,557	717,052	617,269
Financial Ratios		Unreview and Unaudited Q1 2022	Audited 2021	Audited 2020
Solvency ratio		7.72%	8.13%	9.15%
Liquidity ratio	Current ratio	2.57	2.10	1.86
	Quick ratio	2.09	1.67	1.32
		Unreview and Unaudited Q1 2022	Unreview and Unaudited Q1 2021	Unreview and Unaudited Q1 2020
Profitability ratio	Return on assets	2.56%	1.46%	1.58%
	Return on equity	4.07%	3.49%	3.23%
	Gross profit margin	23.87%	13.03%	15.29%
	Profit margin	9.63%	3.78%	3.86%
	Earnings per share	84.31	59.75	216,586
Interest coverage ratio		4.48	2.87	3.17

Financial Summary Charts



Board of Directors



Mr. Neang Vithy
Chairman and Managing
Director



Mr. Thai Vantha
Non-Executive Director



Mrs. Lim Muyly
Executive Director
and CFO



Mr. Huy Vatharo
Independent Director

Message from Chairman

On behalf of DBD Engineering Plc. and the Board of Directors, I am pleased to present our first quarterly report for the period from 1 January to 31 March 2022 to all stakeholders.

The company reported total revenue 16,161,391 KHR'000 for the first quarter which decreased 15% compared to 18,965,818 KHR'000 in the same quarter of year 2021, however the company making a profit of 1,556,557 KHR'000 for this quarter. The total assets decreased 9% compared to year 2021 from 66,540,748 KHR'000 to 60,698,533 KHR'000 due to decreased in trade receivables and contract asset.

Date: 13 May 2022



Chairman and Managing Director

Mr. Neang Vithy

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PART 1: General information of the company

1. General information

Company name in Khmer:	ឌីប៊ីឌី អ៊ិនជីនឺរីង ម.ក
In Latin	DBD Engineering Plc.
Company code	KH1000150008
Address	No.68 Street 598, Sangkat Phnom Penh Thmey, Khan Sen Sok, Phnom Penh, Cambodia
Phone number	(+855) 078 700 598
Website	dbdengineering.com
Email	services@dbdengineering.com
Company registration number	00004029, date 10 March 1998 issued by Ministry of Commerce
License number	870 NSKB / 12 S, date 22 September 2021 issued by Ministry of Land Management, Urban Planning and Construction
Disclosure Document registration number	123/21/SSR/SERC, date 24 June 2021 issued by Securities and Exchange Regulator of Cambodia
Company Representative	Mr. Neang Vithy

2. Overview of Business

DBD Engineering Plc. was founded in 1995, which makes it one of the oldest Engineering & Construction company in Cambodia. DBD provides design, construction, installation, and maintenance services to scores of reputed national and international companies. DBD has an excellent track record of providing high-quality products and services and has achieved an exceptional level of client satisfaction.

DBD has strong Service and Maintenance team to ensure that new buildings or installations remain in top condition, and now the Company is expanding the ducting production, plant and equipment maintenance.

3. Quarter's Key Evets

On Monday, 14th February 2022 DBD celebrated the ground breaking ceremony for new Headquarter which has the estimate budget USD 2.5millions.

PART 2: Information on Business Operation Performance

1. Business Operation

The company currently working on a new system for manpower management, this helps management to get live report more easily on manpower arrangement and monitoring to reduce labor wastage, beside from that the company also implement new module in current accounting system in order to improve the materials cost management.

In this quarter, the company had managed to make a profit of 1,556,557 KHR'000 compared to 717,052 KHR' 000 same quarter of 2021.

2. Revenue Structure

Revenue Structure (KHR'000)	Q1 2022		Q1 2021		Q1 2020	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Revenue from construction	16,079,850	99.50%	18,231,349	96.13%	15,540,378	97.07%
Revenue from sale material	81,541	0.50%	734,469	3.87%	469,345	2.93%

DBD has two source revenues, one is from construction which is the main source included new project and repair & maintenance work. The other one is from sale of materials which is a very small compared to total revenue. However, the revenue from sale will be increase after we expended the ducting production, DBD is going to sale this product which currently we only produce for supply to our construction project only.

PART 3: Financial Statements

Company No. 00004029

DBD Engineering Plc.

(Incorporated in Cambodia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 March 2022

	Note	Unaudited 31 March 2022		Audited 31 December 2021	
		USD	KHR'000	USD	KHR'000
Assets					
Non - Current assets					
Property and equipment	3	2,764,726	11,197,140	2,643,062	10,767,835
Intangible asset		36,620	148,311	33,986	138,459
Right-of-use asset		22,922	92,834	32,745	133,403
Other non-current asset	5	20,100	81,405	20,050	81,684
		2,844,368	11,519,690	2,729,843	11,121,380
Current assets					
Contract asset		2,919,021	11,822,035	3,791,366	15,446,025
Other current asset	4	1,162,473	4,708,016	946,962	3,857,923
Inventories		1,410,316	5,711,781	2,167,258	8,829,409
Trade receivables		5,328,344	21,579,793	6,273,057	25,556,433
Amount due from related party		134,421	544,405	134,421	547,631
Fixed deposit		480,000	1,944,000	65,000	264,810
Cash and bank balance	6	708,349	2,868,813	225,119	917,135
		12,142,924	49,178,843	13,603,183	55,419,368
Total assets		14,987,292	60,698,533	16,333,026	66,540,748
Equity					
Share capital		4,615,385	18,796,687	4,615,385	18,796,687
Share Premium		2,158,154	8,779,370	2,158,154	8,779,370
Retained Earning		2,664,958	10,998,444	2,281,664	9,441,887
Currency translation reserves		-	(348,588)	-	(127,047)
Total equity		9,438,497	38,225,913	9,055,203	36,890,897
Liabilities					
Non-current					
Borrowing - net of current portion	7	822,069	3,329,379	811,320	3,305,318
		822,069	3,329,379	811,320	3,305,318

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021 (CONTINUED)

	Note	Unaudited 31 March 2022		Audited 31 December 2021	
		USD	KHR'000	USD	KHR'000
Current					
Borrowing	7	1,105,661	4,477,927	2,519,011	10,262,451
Overdraft	8	1,509,255	6,112,483	1,871,112	7,622,910
Trade and other payables	9	1,087,765	4,405,448	1,831,215	7,460,370
Lease liabilities	10	32,711	132,480	2,519,011	10,262,451
Contract liability		956,558	3,874,060	1,871,112	7,622,910
Current income tax liability		34,776	140,843	1,831,215	7,460,370
Total current liability		4,726,726	19,143,241	6,466,503	26,344,533
Total liabilities		5,548,795	22,472,620	7,277,823	29,649,851
Total equity and liabilities		14,987,292	60,698,533	16,333,026	66,540,748

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

	Note	Unaudited			
		31 Mar 2022		31 Mar 2021	
		USD	KHR'000	USD	KHR'000
Revenue	11	3,979,658	16,161,391	4,655,331	18,965,818
Cost of goods sold		(3,029,588)	(12,303,157)	(4,048,517)	(16,493,658)
Gross profit		950,070	3,858,234	606,814	2,472,160
Other income	12	3,027	12,293	9,806	39,950
Operating expenses	13	(424,969)	(1,725,799)	(308,427)	(1,256,532)
Finance costs		(117,883)	(478,723)	(107,310)	(437,181)
Profit/Loss before tax		410,245	1,666,005	200,883	818,397
Income tax expense		(26,951)	(109,448)	(24,876)	(101,345)
Profit/loss for the period		383,294	1,556,557	176,007	717,052

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTHS REPRIOD ENDED 31 MARCH 2022**

	Note	Unaudited		Audited	
		31 March 2022		31 December 2021	
		USD	KHR'000	USD	KHR'000
Revenue	11	3,979,658	16,161,391	17,964,228	73,078,480
Cost of goods sold		(3,029,588)	(12,303,157)	(15,409,411)	(62,685,484)
Gross profit		950,070	3,858,234	2,554,817	10,392,996
Other income	12	3,027	12,293	28,063	114,160
Operating expenses	13	(424,969)	(1,725,799)	(1,483,575)	(6,035,183)
Finance costs		(117,883)	(478,723)	(506,870)	(2,061,947)
Profit/Loss before tax		410,245	1,666,005	592,435	2,410,026
Income tax expense		(26,951)	(109,448)	(179,754)	(731,239)
Profit/loss for the period		383,294	1,556,557	412,681	1,678,787
Currency translation difference			(221,541)		166,318
Total comprehensive income		383,294	1,335,016	412,681	1,845,105

**STATEMENTS OF CHANGES IN EQUITY
FOR YEAR ENDED 31 MARCH 2022**

	Share capital	Share premium	Retained earnings	Total	
	USD	USD	USD	USD	KHR'000
Balance at 1 January 2022	3,000,000	-	2,281,664	9,055,203	36,890,897
Additional capital contribution	1,615,385	2,158,154	-	-	-
Profit for the year	-	-	383,294	383,294	1,556,557
Currency translation reserves	-	-	-	-	(221,541)
Balance at 31 March 2022	4,615,385	2,158,154	2,664,958	9,438,497	38,225,913
Balance at 1 January 2021	3,000,000	-	1,868,982	4,868,982	19,695,032
Additional capital contribution	1,615,385	2,158,154		3,773,539	15,350,756
Profit for the year	-	-	412,682	412,682	1,678,791
Currency translation reserves	-	-	-	-	166,318
Balance at 31 December 2021	4,615,385	2,158,154	2,281,664	9,055,203	36,890,897

Statement of Cash Flows

	Unaudited 31 March 2022		Audited 31 December 2021	
	USD	KHR'000	USD	KHR'000
Cash flow from operating activities				
Profit/(loss) before income tax	410,245	1,666,005	592,436	2,410,030
Adjustments for:				
Depreciation and Amortization	51,517	209,212	178,915	727,826
Gain/loss on disposal of property and equipment and intangible assets	117,883	478,723	506,870	2,061,947
Finance costs	188	763	1,820	7,404
Operating profit/(loss) before working capital changes	579,833	2,354,703	1,280,041	5,207,207
Changes in working capital				
Changes in contract asset	872,345	3,542,593	(640,536)	(2,605,700)
Changes in other current assets	(215,511)	(875,190)	(489,485)	(1,991,225)
Changes in amount due from shareholder	-	-	(134,421)	(546,825)
Changes in inventories	756,942	3,073,941	(533,442)	(2,170,042)
Changes in guarantee deposit	(415,000)	(1,685,315)	145,545	592,077
Changes in trade receivables	944,713	3,836,479	(4,785,838)	(19,468,789)
Changes in other non-current asset	(50)	(203)	39,000	158,652
Changes in overdraft	(361,857)	(1,469,501)	146,520	596,043
Changes in trade and other payables	(743,451)	(3,019,155)	1,134,047	4,613,303
Changes in contract liabilities	794,678	3,227,187	(246,073)	(1,001,025)
Changes in amount due to shareholder	-	-	(5,642)	(22,952)
Cash used in operating activities	2,212,642	8,985,539	(4,090,284)	(16,639,276)
Income tax paid	(26,951)	(109,448)	(172,943)	(703,532)
Net cash used in operating activities	2,185,691	8,876,091	(4,263,227)	(17,342,808)
Investing activities				
Acquisition of property, plant and equipment	(166,180)	(674,856)	(182,806)	(743,655)
Proceeds from disposals of property and equipment	-	-	150	610
Net cash used in investing activities	(166,180)	(674,856)	(182,656)	(743,045)
Financing activities				
Proceeds from issue of share capital	-	-	3,773,539	15,350,757
Repayments of lease liabilities	(15,798)	(64,156)	(67,201)	(273,374)
Repayments of borrowings	(4,202,986)	(17,068,325)	(7,305,521)	(29,718,859)
Proceeds from borrowings	2,800,385	11,372,365	8,486,821	34,524,388
Payment of interest	(117,883)	(478,723)	(499,760)	(2,033,024)
Net cash used in investing activities	(1,536,281)	(6,238,839)	4,387,878	17,849,888
Net change in cash and cash equivalents	483,230	1,962,396	(58,005)	(235,965)
Cash and cash equivalents at beginning of the year	225,119	917,135	283,124	1,145,237
Currency translation difference	-	(10,717)	-	7,863
Cash and cash equivalents end of period	708,349	2,868,814	225,119	917,135

Notes to Financial Statement

1. General information

DBD Engineering Plc. is a public limited company established under the laws of the Kingdom of Cambodia on 10 March 1998 with registration number Co. 00004029 from the Ministry of Commerce. In accordance with its Memorandum and Articles of Association, the duration of the Company is 99 years beginning from the date of registration with the Ministry of Commerce in the Kingdom of Cambodia.

The registered office and principal place business of the Company are both located at No.68 Street 598, Phnom Penh Thmey, Khan Sen Sok, PO Box 178, Phnom Penh, Kingdom of Cambodia.

The principal activities of the Company are mechanical and electrical contractor, plumbing and firefighting contractor, air conditioning cold room HVAC and building maintenance.

The Company had 984 employees as at 31 March 2022 (31 December 2021: 966 employees).

2. Basis of preparation and statement of compliance with CIFRS

These financial statements have been prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”).

The National Accounting Council of Cambodia, as mandated by Prakas (Circular) No. 068-MEF-Pr dated 8 January 2009 issued by the Ministry of Economy and Finance of Cambodia on the adoption of Cambodian Financial Reporting Standards, has decided to fully adopt International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) without modifications. The standards are referred to as CIFRSs.

Notes to Financial Statement (CONTINUED)

3. Property, Plant and equipment

	Land USD	Land improvement USD	Machine USD	Vehicle USD	Office equip USD	Furniture USD	Work in Progress USD	Total USD	KHR'000
Gross carrying amount									
Balance as at 1 January 2022	2,167,620	52,165	652,941	573,408	66,433	8,910	60,801	3,582,278	14,594,201
Additions	-	-	37,974	-	2,212	-	118,919	159,105	646,125
Transfer	-	-	-	-	-	-	-	-	-
Write off/Disposal	-	-	(8,152)	-	(390)	-	-	(8,542)	(34,689)
Currency translation difference	-	-	-	-	-	-	-	-	(87,631)
Balance as at 31 March 2022	2,167,620	52,165	682,763	573,408	68,255	8,910	179,720	3,732,841	15,118,006
Accumulated depreciation									
Balance as at 1 January 2022	-	5,217	392,070	482,720	51,007	8,202	-	939,216	3,826,366
Depreciation charge	-	2,608	25,978	5,785	2,741	142	-	37,254	151,288
Disposal/transfer	-	-	(8,068)	-	(287)	-	-	(8,355)	(33,930)
Currency translation difference	-	-	-	-	-	-	-	-	(22,859)
Balance as at 31 March 2022	-	7,825	409,980	488,505	53,461	8,344	-	968,115	3,920,866
Carrying amount March 2022	2,167,620	44,340	272,783	84,903	14,794	566	179,720	2,764,726	11,197,140

Notes to Financial Statement (CONTINUED)

4. Other current asset

	31 March 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
Prepaid to Suppliers	864,958	3,503,080	630,506	2,568,681
Salary loan	293,689	1,189,440	312,233	1,272,037
Salary Advance	-	-	3,771	15,363
Consumable	3,826	15,495	452	1,842
	<u>1,162,473</u>	<u>4,708,015</u>	<u>946,962</u>	<u>3,857,923</u>

5. Other non-current asset

	31 March 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
Deposit Paid	20,050	81,405	20,050	81,684
	<u>20,050</u>	<u>81,405</u>	<u>20,050</u>	<u>81,684</u>

6. Cash and cash equivalents

	31 March 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
Cash on hand	38,830	157,261	6,516	26,546
Cash in Bank	669,519	2,711,552	218,603	890,589
	<u>708,349</u>	<u>2,868,813</u>	<u>225,119</u>	<u>917,135</u>

7. Long-term borrowing

	31 March 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
Non-current	1,105,661	4,477,927	811,320	3,305,318
Current	822,069	3,329,379	2,519,011	10,262,451
	<u>1,927,730</u>	<u>7,807,306</u>	<u>3,330,331</u>	<u>13,567,769</u>

	31 March 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
Balance 1 January	3,330,331	13,487,841	2,149,031	8,755,152
Addition	2,800,385	11,341,558	8,486,821	34,575,309
Repayments	(4,202,986)	(17,022,093)	(7,305,521)	(29,762,692)
Interest charged	26,951	109,152	499,760	2,036,021
Interest paid	(26,951)	(109,152)	(499,760)	(2,036,021)
Balance 31 March 2022	<u>1,927,730</u>	<u>7,807,306</u>	<u>3,330,331</u>	<u>13,567,769</u>

Notes to Financial Statement (CONTINUED)

7. Long-term borrowing (CONTINUED)

	31 March 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
<i>a. By maturity</i>				
within one year	1,105,661	4,477,927	2,519,011	10,262,451
From two to five year	822,069	3,329,379	811,320	3,305,318
	<u>1,927,730</u>	<u>7,807,306</u>	<u>3,330,331</u>	<u>13,567,769</u>
<i>b. by security</i>				
Secured	2,754,450	11,221,629	1,531,301	6,194,112
Not secured	477,730	1,946,272	617,730	2,498,718
	<u>3,232,180</u>	<u>13,167,901</u>	<u>2,149,031</u>	<u>8,692,830</u>
<i>c. By currency</i>				
USD	3,232,180	13,167,901	2,149,031	8,692,830
KHR	-	-	-	-
	<u>3,232,180</u>	<u>13,167,901</u>	<u>2,149,031</u>	<u>8,692,830</u>
<i>d. By relationship</i>				
Non-related parties	3,232,180	13,167,901	2,149,031	8,692,830
Related parties	-	-	-	-
	<u>3,232,180</u>	<u>13,167,901</u>	<u>2,149,031</u>	<u>8,692,830</u>

8. Overdraft

	31 March 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
J Trust Royal Bank	356,550	1,444,028	268,460	1,093,706
Advanced Bank of Asia	1,152,705	4,668,455	1,218,854	4,965,611
Chip Mong Commercial Bank Plc.	-	-	383,798	1,563,593
	<u>1,509,255</u>	<u>6,112,483</u>	<u>1,871,112</u>	<u>7,622,910</u>

9. Trade and other payables

	31 March 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
Accounts payable	875,369	3,545,244	668,677	2,724,190
Accrued expenses	9,055	36,673	666,068	2,713,562
Other taxes payable	175,382	710,297	275,923	1,124,110
Salary payable	-	-	181,082	737,728
Retention	27,959	113,234	31,625	128,840
Other current liabilities	-	-	7,840	31,940
	<u>1,087,765</u>	<u>4,405,448</u>	<u>1,831,215</u>	<u>7,460,370</u>

Notes to Financial Statement (CONTINUED)

10. Lease liabilities

	Within one year	2 years	Total USD	KHR'000
31-Dec-21				
Lease payments	33,600	-	33,600	136,080
Finance charges	(889)	-	(889)	(3,600)
Net present value	32,711	-	32,711	132,480

11. Revenue

	31 March 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
Construction and maintenance services	3,959,579	16,079,850	17,566,789	71,461,698
Sale of goods	20,079	81,541	397,439	1,616,782
	3,979,658	16,161,391	17,964,228	73,078,480

12. Other income

	31 March 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
Interest income	2,340	9,503	7,320	29,778
Foreign exchange gain	872	3,541	3,373	13,721
Gain on disposal of fixed assets	(188)	(763)	(1,820)	(7,404)
Others	3	12	19,190	78,065
	3,027	12,293	28,063	114,160

13. Operating expenses

	31 March 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
Personnel	155,399	631,075	506,276	2,059,531
Utilities	(491)	(1,994)	70,596	287,185
Other taxes	50,731	206,019	177,271	721,138
Insurance	22,173	90,045	65,210	265,274
Depreciation	22,265	90,418	73,437	298,742
Office supplies and stationery	25,061	101,773	115,650	470,464
Repairs and maintenance	6,591	26,766	46,465	189,020
Bank charge	61,441	249,512	113,770	462,816
Inventory adjustment	-	-	5,686	23,131
Professional fees	43,718	177,539	258,377	1,051,078
Rent	5,945	24,143	17,238	70,124
Entertainment	813	3,302	7,153	29,098
Communication	1,998	8,114	8,615	35,046
Others	29,325	119,087	17,831	72,536
	424,969	1,725,799	1,483,575	6,035,183

PART 4: Management's Discussion and Analysis

1. Overview of Operation

a. Revenue Analysis

For first quarter of 2022, the DBD reported revenue of 16,161,391 KHR'000 decrease of 15% compared to 18,965,818 KHR' 000 in first quarter of 2021.

b. Revenue by segment analysis

The company has revenue segment as below:

Revenue Structure (KHR'000)	Q1 2022		Q1 2021	
	Amount	Percentage	Amount	Percentage
Revenue from construction	16,079,850	99.50%	18,231,349	96.13%
Revenue from sale material	81,541	0.50%	734,469	3.87%
Total	16,161,391	100%	18,965,818	100%

c. Gross profit margin analysis

For first quarter of 2022, DBD reported a gross profit of the period 3,858,234 KHR'000, an increase of 57% compared to 2,472,160 KHR'000 in first quarter of 2021.

d. Profit/(loss) before tax analysis

In this first quarter of 2022, DBD reported a profit before tax of the period 1,666,005 KHR'000, an increase of 104% compared to 818,397 KHR'000 in first quarter of 2021.

e. Profit/(loss) after tax

In this first quarter of 2022, DBD reported a profit after tax of the period 1,556,557 KHR'000, an increase of 117% compared to 717,052 KHR'000 in first quarter of 2021.

f. Factors and trends analysis affecting financial conditions and results

In this first quarter of 2022 revenue has decreased 15% compared to last year the same quarter, however the cost of goods sold has decreased 25% mainly from decrease of cost of materials consumed and sub-contractor, resulting in an increase of net profit 117% compared to last year the same quarter.

2. Significant Factors Affecting Profit

a. Demand and supply conditions analysis

There were a shrinking opportunities in the construction industry, 4,303 projects were approved in 2021 equal to USD 5.33 billion, a decrease of 31.21% compared to 2020 there were 4,841 projects approved equal to USD 7.75 billion, the forecast opportunities growing of construction industry has 6,760 approved projects in 2022, equal to USD 15.52 billion.

DBD is one of the leading Construction Company especially MEP service in Cambodia offering services such as (1) mechanical & electrical contracting, (2) plumbing & fire-fighting contracting, (3) heating, ventilation, and air conditioning, (4) civil construction, and (5) building maintenance.

b. Fluctuations in price of raw materials analysis

DBD included the expected inflationary in the proposed tender price. If the materials price fluctuates accordance with the inflation rate, there won't be a significant impact to the company's profit. However, if the price of materials increases significantly, it will make loss to company.

c. Tax analysis

The company has received tax incentive 50% on profit tax for 3 years' period from 2022 to 2024.

d. Exceptional and extraordinary items analysis

There was no exceptional and extraordinary income or expense during the first quarter of 2022.

3. Material Changes in Sale and Revenue

In the first quarter of 2022, DBD's revenue from sale of materials has decrease significantly, revenue from construction also decrease due to in this quarter DBD have only one big project in progress "Chip Mong Mega Mall 271" other big project such "Wing Tower" is just at the beginning stage, so the revenue is smaller compared to first quarter of 2021.

4. Impact of Foreign Exchange and Interest Rate

DBD has no financial assets and liabilities in other foreign currency, except there is a small amount in trade payable are in other currencies such as THB and EUR, and all DBD's borrowings are at fixed rate so there is no impact from the fluctuate of the foreign exchange and interest rate.

5. Impact of Inflation

DBD included the expected inflationary in the proposed tender price. If the materials price fluctuates accordance with the inflation rate, there won't be a significant impact to the company's profit.

6. Economic, fiscal and monetary policy of the government

In the last several years, the real estate and construction sector has been one of the top drivers of economic growth. According to CBRE's report, Cambodian Real Estate Market Outlook 2019, the construction industry grew by 18.1% in 2018, and the number of condominium units grew by roughly 120%. While diverse economic growth factors into the strong performance of the construction industry, Foreign Direct Investment (FDI) is one of the main drivers of the industry. In 2019, FDI in Cambodia accounted for 10.6% of total GDP. In 2018, FDI reached record highs, increasing by 10.7% or USD 300 million from USD 2.8 billion in 2017 to USD 3.1 billion in 2018 (World Bank). A significant local COVID-19 outbreak, real estate market correction following a prolonged construction and property boom, increased credit provided to the construction/real estate/mortgage sector (that recently relies highly on Chinese investment), and high outstanding credit are the current industry vulnerabilities.

In 2021, there were 4,303 approved construction projects with capital investment of USD 5.33 billion, a decrease of 31.21% compared to 2020 there were 4,841 approved construction projects with capital investment of USD 7.75 billion, according to the Ministry of Land Management, Urban Planning and Construction. The forecast opportunities growing of construction industry has 6,760 approved projects in 2022, equal to USD 15.52 billion.

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Read and Approved



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